

CHAPTER V

CONCLUSIONS AND SUGGESTIONS

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The success of the Sangh depends upon the co-ordinated efforts of all functionaries their role, perception and actual performance of their respective roles with commitment and seriousness. The whole hearted co-operation and perfect understanding among the management, employees, members and customers will go a long way in improving the functioning of Sangh. Further, state bureaucracy and other agencies concerned with the Sangh need work with an integrated approach for improving the performance of the Sangh.

The researcher studied the financial performance of the Sangh during the period 1979-80 to 1983-84 and concluded the following.

1. The investment of the Sangh increased more than one and half times over the period under study. Within five years the growth of investment, amounted to Rs.168 lakhs in 1983-84 over 1979-80.

It is observed that the turnover of the Sangh in the period under study has considerably risen. It amounted to Rs.2295.87 lakhs in 1983-84 over 1979-80. As far as the ratio

of turnover to investment is concerned a rupee invested in the business turned out nearly by 12.58 times within five years.

From the analysis of income and expenditure of the Sangh its total increased considerably during the period under study. It is also observed that the ratio of income to the investment was 22.89 percent in the year 1979-80. But it, reduced to 75.00 percent in the year 1983-84. The same condition occurred in case of expenditure i.e. the ratio of expenditure to investment was 88.44 percent in the year 1979-80 but the same was reduced to 72.07 percent in the year 1983-84. This reveals that the ratio of expenditure to investment is decreasing considerably as compared to the ratio of income to investment.

From the above it can be concluded that the financial performance in regard to investment turnover income and expenditure seems to be satisfactory.

The researcher would like to suggest that the investment of the Sangh should be increased considerably as the ratio of expenditure to investment is decreasing specifically land and building, machinery and debentures.

2. The Sangh's gross profit margin ratio is more or less near to the general norms. It was 8.02 percent in 1979-80 and 7.50 % in the year 1983.84.

It is observed that the net profit of the Sangh is fluctuating one. It was rupees 8.46 lakhs in the year 1979-80, Rs.12.40 7.77 lakhs in 1981-82 , and Rs.3.98 lakhs in 1982-83. But the rate of dividend paid remained at 12 % and the amount of dividend paid to the Share Holders tends to increase. It was Rs.4.56 lakhs in 1979-80 and Rs.5.29 lakhs in 1983-84. And the percentage of total dividend to net profit shows an increasing trend from 53.93 percent to 64.20 percent in the period under study.

As far as profit distribution is concerned the Sangh distributed the amount of profit among various items. It is more or less satisfactory. While distributing the profit the major importance was given to the distribution of dividend. The percentage of different items to the aggregate is concerned the dividend was 53.84 percent in 1979-80 and it was 65.30 % in the year 1983-84.

Thus it can be concluded that the Sangh's total dividend paid to the share-holders as compared to the profit distribution seems to be more or less satisfactory. It shows the sign of good financial performance of the Sangh.

The researcher would like to suggest that the Sangh should try to reach the general norms of gross profit margin ratio in order to continue as a leader of co-operative markets in Kolhapur area. In case of profit distribution the

Sangh should go strictly according to the terms laid down in the bye-laws even at minimum profit. <

3. It is observed that the growth and composition of share capital and working capital of the Sangh during the period under study increased considerably from Rs.38.04 lakhs in 1979-80 to Rs.44.10 lakhs in 1983-84 and the working capital increased from Rs.618.37 lakhs in 1979-80 to Rs.835.20 lakhs in 1983-84. But so far as the ratio of working capital to share capital is concerned the percentage which has risen in the working capital to the share capital of the respective decades is high. In the year 1979-80 it was 1625.58 % and in 1983-84 it increased to 1934.69 %.

The reserve and other funds of the Sangh found an increasing trend in 1983-84, over 1979-80. As per the aggregate of funds to the total has slightly increased by 0.73 % and the percentage of other funds to the total funds has shown the trend of - 2.45 percent in the year under study. Here the increase in the percentage of reserve funds is more than the increase in the percentage of other funds. <

Thus, it can be concluded that the Sangh's financial performance regarding share capital, working capital, reserve and other funds found to be more or less satisfactory. <

In this case the investigator would like to suggest that the Sangh should take necessary steps to increase the share

capital considerably as Sangh's diversified activities are increasing day by day. Instead of keeping the maximum reserves it should utilize the excess reserves for the development of the Sangh.

4. The current ratios in the last three years are better than the ratios obtained in the beginning two years under study. The Sangh's current ratio in 1979-80 was 1.75:1 and in the year 1980-81 it was 1.92:1 which is below the general norms laid down by the Registrar of Maharashtra Co-operatives i.e. 2:1. It indicates that liabilities are proportionately more than the assets of the Sangh. But in the year 1981-82 to 1983-84 the current ratio of the Sangh crossed the general norms. i.e. in 1981-82 it was 2.43:1, in the year 1982-83, 2.97:1 and in 1983-84, 2.05:1 which indicates the increase in assets as compared to the liabilities of the Sangh.

In all, it can be concluded that the current ratio is fluctuating one.

Here the researcher would like to suggest that the Sangh should maintain an average satisfactory current ratio during its life time by keeping constant watch over the proper investment in current assets.

5. Debt to equity ratios indicates that the borrowed funds are used in a very small scale for the development of the Sangh in all the years under study. It was minimum in 1981-82 i.e. 0.14:1 and 0.87:1 in the year 1982-83.

The researcher would like to suggest that the Sangh can expand its multifarious activities in future by increasing the borrowed funds. Because, still there is enough scope for increasing its borrowed funds as the general norms of debt ratio is 2:1. ✓

6. The efficiency ratio i.e. Sales to inventory ratio of the Sangh found more satisfactory as compared to the general norms (i.e. 9 times to 12 times). The Sangh's efficiency ratio was more than two times as compared to general norms in the year 1979-80 i.e. 19.25 times and more than three times in the year 1983-84 i.e. 27.38 times. This shows the sign of good financial performance of the Sangh. ✓

The researcher would like to suggest that the Sangh should maintain the same trend in the years to come by increasing sales. ✓

7. The profitability ratio i.e. net profit to net sales of the Sangh showed a very poor performance as compared to the general norms i.e. 0.5 % to 1.00 % . It was 0.4 % in the year 1979-80 and 0.2 % in the year 1983-84. This indicates that the Sangh is not concentrating on the level of profit. ✓

The investigator would like to suggest that in order to have sound financial performance the Sangh should try its best to reach the minimum norms by increasing the sales effectively and reducing the expenditure considerably. ✓